Capital Improvement Plan

The Clark County six year capital improvement plan (CIP) is a multi-year financial plan for the acquisition, expansion, and rehabilitation of infrastructure, capital assets, to maintain and enhance the productive capacity of County services. It is the culmination of several county-wide capital improvement and capital development plans including:

- The Comprehensive Plan for Growth Management
- The Transportation Improvement Plan
- Parks Master Plan
- Fairgrounds Master Plan
- Campus Facilities Plan
- Board of County Commissioners and Elected Officials' agendas
- Recommendations from the citizenry
- Departmental capital plans

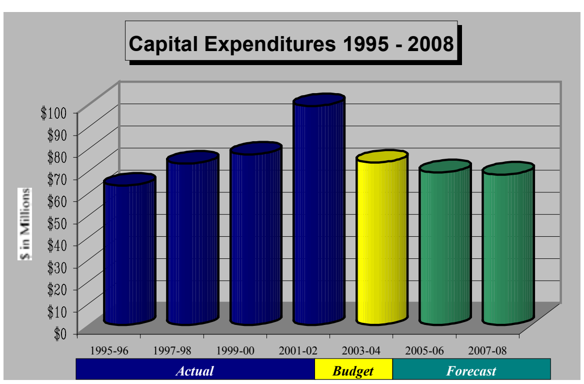
The purpose of the CIP is to collectively forecast and plan for the funding of the County's long-term capital improvement needs to maximize the delivery of service to our citizens. It is broad and far reaching versus narrow and detailed. It establishes a framework for overall County capital planning, identification of funding sources, and an analysis of the impact of long-term capital improvements on future operating revenue and expenses.

Capital Expenditures versus Operating Expenses

Operating expenses are the use of funds to support the ongoing, day-to-day business and operations of the County. Operating expense items are generally spent within one budget cycle. Examples of operating expense items include office supplies, vehicle fuel, payroll, utilities, paint, etc.

Capital expenditures, however, occur periodically and are spent over multiple years. The County defines a capital expenditure as the outlay of funds greater than $5,000 on items that have a useful life of more than one budget cycle. Examples of capital expenditures include; service vehicles, heavy equipment, and acquisition or construction of, and/or improvements to public facilities and buildings.

Capital expenditures can occur by way of an expenditure of cash reserves, current operating revenue, or proceeds from debt financing. Please refer to the Debt Summary section under the Financial tab for more information the County's debt management plan.



Long-Term Capital Investment

Capital expenditures are relatively large and sporadic costs compared to operating expenses. This makes it difficult to derive a meaningful interpretation of changes in capital spending over the years. Nonetheless, for general information purposes, the average biennial growth rate in capital expenditures between 1995-96 and 2001-02 was 16.5 percent. Major factors in the increases in capital expenditures over this time period are as follows:

- Completion of the Public Service Center building complex in 2001-02 caused a $22 million spike in expenditures and increased the average increase from 7.1% to 16.5% for the period.
- Construction of water and sewer treatment plants.
- Acquisition and development of parks and open spaces.
- Expansion of the Jail and Juvenile facilities.
- Construction of Jail Work Center.

Capital investment planned for the 2003 to 2008 time frame is in the following areas:

- Continued investment in technology infrastructure.
- Transportation Improvement Plan – The TIP is the largest long-term capital plan in the County. The six year TIP (2003-2008) will accomplish thirty eight new projects, complete seven carry-over projects, and fund five ongoing programs for a total estimated cost of $183.25 million.
- Continued implementation of the Fairgrounds Master Plan.

Project detail for the six year TIP is included at the end of this section.

Capital Funding Sources

Funding for any one capital project may comprise several different sources of funds. Transportation projects, for example, are typically funded through a combination of local property taxes, traffic impact fees from development, and federal and state grants. Utilizing various sources provides managers the ability to leverage any single source of funding with the objective of maximizing total funding.

Impact of Capital Expenditures on the Operating Budget

Operating Budget Impact

The exact cost of future operations and maintenance for projected CIP projects is difficult to determine; however, based on experience we can reasonably estimate increases in cost of materials, labor and other components. In 2003/2004, for example, the ongoing operating expenses associated with past capital expenditures are estimated below.

- ***$256 to maintain one acre of park property per year.***
- ***$1,423 to maintain one mile of roadway/shoulder per year.***
- ***$591 to maintain one mile of roadside vegetation per year.***
- ***$19,344 to house one inmate per year.***
- ***$1,289 to treat one million gallons of sewage water.***

Although capital expenditures are not directly related to day to day operations, over time they can have a significant impact on operating revenue and expenses. For planning purposes, on a project by project basis, it is important to understand the relationship between current capital expenditures and long-term operating revenue and expenses.

A project to build a new road, for example, will require not only an initial one-time capital outlay for construction but will require ongoing operating and maintenance costs to maintain the road's serviceability. Savings associated with lower maintenance and operational costs may offset the initial cost to replace an older piece of equipment. Construction of new office space, while requiring a significant amount of up-front capital outlay, may reduce the annual office space lease payments paid for office space not owned by the County.

A major benefit of long-term capital planning and decision making is understanding the operational impacts of one-time capital outlays.